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联想控股
LEGEND HOLDINGS
EMPOWERING COMPANIES TOWARD GREATNESS

联想控股股份有限公司
Legend Holdings Corporation

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 03396)

POSSIBLE VERY SUBSTANTIAL DISPOSAL

STRATEGIC COLLABORATION OF LENOVO, A SUBSIDIARY, AND ALAT AND PROPOSED ISSUANCE OF CONVERTIBLE BONDS BY LENOVO, A SUBSIDIARY

Reference is made to the inside information announcement dated May 29, 2024 in respect of a possible deemed disposal by the Company. On May 28, 2024, after trading hours, Lenovo has signed a Strategic Collaboration Framework Agreement with Alat, a wholly owned subsidiary of the Public Investment Fund, the sovereign wealth fund of the Kingdom of Saudi Arabia.

The Strategic Collaboration is expected to enable Lenovo to accelerate its ongoing global strategic transformation, enhance its global presence, increase geographic diversification of its manufacturing footprint and to capitalize on the growth momentum of the IT and Business Services in the MEA Region.

In addition to the Strategic Collaboration Framework Agreement, Lenovo and Alat have also entered into a Bond Subscription Agreement pursuant to which Lenovo will issue US\$2 billion zero-coupon convertible bonds to Alat, the net proceeds of which will be used for repaying existing debts of Lenovo as well as for general corporate and working capital purposes of Lenovo. The Convertible Bonds are interest free and are due in three years (subject to extension of three months pursuant to the CB Terms and Conditions) after issuance and will be convertible to Lenovo Shares upon maturity subject to the CB Terms and Conditions.

Through the Strategic Collaboration with Alat, Lenovo expects to have greater financial flexibility to implement its proven strategy, and will further drive its global transformation into a solutions and services-led business. Pursuant to the Strategic Collaboration, Lenovo will set up a regional MEA headquarters and a new manufacturing facility in the Kingdom of Saudi Arabia, and Alat will support and provide assistance to Lenovo to ensure the smooth implementation of the Strategic Collaboration. The manufacturing facility will extend Lenovo's existing global presence and manufacturing footprint, which already includes over 30 manufacturing sites around the world. The strengthened presence in the MEA Region will enable Lenovo to enhance its global supply chain resilience and flexibility while serving customers in the region more nimbly.

Furthermore, the Strategic Collaboration serves as a strong endorsement of Lenovo's transformation strategy, strong execution, operational excellence, commitment to sustainability, and continuous investment in innovation.

The Lenovo Bond Issue is subject to, among other conditions, regulatory approvals before completion. Upon maturity and assuming full conversion of the zero-coupon Convertible Bonds at the initial Conversion Price of HK\$10.42 per Lenovo Share, the Convertible Bonds will be convertible into 1,499,328,214 Lenovo Shares, representing approximately 12.09% of the issued Lenovo Shares as at the date of this announcement and approximately 10.78% of such issued Lenovo Shares as enlarged by the issuance of the Conversion Shares (assuming there will be no change to the total number of Lenovo Shares in issue from the date of this announcement up to conversion of the Convertible Bonds). The Conversion Shares will be issued pursuant to the Lenovo Specific Mandate.

Completion of the Bond Subscription Agreement is subject to the satisfaction and/or waiver of the conditions precedent therein. Shareholders and potential investors are therefore reminded to exercise caution when dealing in the securities of the Company.

Reference is made to the inside information announcement dated May 29, 2024 in respect of a possible deemed disposal by the Company.

STRATEGIC COLLABORATION OF LENOVO AND ALAT

On May 28, 2024, after trading hours, Lenovo, a subsidiary of the Company, and Alat, a wholly owned subsidiary of the Public Investment Fund, have entered into the Strategic Collaboration Framework Agreement, pursuant to which Lenovo and Alat will cooperate strategically to develop new business opportunities in the MEA Region.

STRATEGIC COLLABORATION FRAMEWORK AGREEMENT

The Strategic Collaboration Framework Agreement is a framework agreement for Lenovo and Alat to conduct a comprehensive business cooperation to expand Lenovo's business growth in the MEA Region. A framework of the localization plan with two development phases has been set out under the Strategic Collaboration Framework Agreement. The parties will work in good faith to agree and enter into the MOP Agreement and the SDC Commercial Agreement in relation to the localization plan in accordance with the principles and commitments as set out in the Strategic Collaboration Framework Agreement in more detail.

Pursuant to the Strategic Collaboration Framework Agreement, Lenovo will launch a new regional headquarters for the MEA Region in Riyadh, the Kingdom of Saudi Arabia, which will include a customer center to generate customer demand from the MEA Region and a research and development center focusing on the MEA Region. In conjunction with the regional headquarters, a new manufacturing facility will be set up in the Kingdom of Saudi Arabia to focus on producing initially PCs and servers for the MEA Region. The regional headquarters and manufacturing facility will be operated by wholly owned subsidiary(ies) of Lenovo. Subject to a commercially viable plan, the parties will further agree to expand Lenovo's presence within the MEA Region, including further expansion of the manufacturing facility and its production capacity.

Alat will support and provide assistance to Lenovo to ensure the smooth implementation of the Strategic Collaboration. Alat will provide, among others, assistance to Lenovo in selecting the premises for the regional headquarters in Riyadh and obtaining of all permits, licenses and approval of governmental authority applicable to the regional headquarters in Riyadh. Alat will also deliver the premises for the manufacturing facility based on Lenovo's requirements for Lenovo to set up the manufacturing facility.

The Strategic Collaboration Framework Agreement may be terminated under certain circumstances, including, among others, the termination of the Bond Subscription Agreement and the failure of the parties to agree and enter into the MOP Agreement and SDC Commercial Agreement within the specified timeframe.

PROPOSED ISSUANCE OF ZERO-COUPON CONVERTIBLE BONDS UNDER THE LENOVO SPECIFIC MANDATE

On May 28, 2024, after trading hours, Lenovo, a subsidiary of the Company, entered into the Bond Subscription Agreement with Alat, pursuant to which Alat has conditionally agreed to subscribe for the zero-coupon Convertible Bonds in an aggregate principal amount of US\$2,000,000,000 (equivalent to approximately HK\$15,623 million) subject to the satisfaction or waiver of the conditions precedent as set out in the Bond Subscription Agreement and as summarized below.

A summary of the principal terms of the Bond Subscription Agreement is set out below:

The Bond Subscription Agreement

- Date: May 28, 2024
- Parties: (i) Lenovo, as issuer
- (ii) Alat, as subscriber
- Principal amount: US\$2,000,000,000 (equivalent to approximately HK\$15,623 million).
- Conditions precedent: Completion of the Bond Subscription Agreement is subject to and conditional upon the following conditions precedent being satisfied (or, if applicable, waived by the respective party):
- (i) the passing of resolution(s) by the Lenovo Shareholders at the general meeting of Lenovo approving the issuance of the Conversion Shares under the Lenovo Specific Mandate;
 - (ii) the listing of, and the permission to deal in, the Conversion Shares having been granted by the Listing Committee of the Stock Exchange and such listing and permission not having been revoked on or prior to completion;
 - (iii) clearance of the Committee on Foreign Investment in the United States (CFIUS) in connection with the Lenovo Bond Issue having been received;
 - (iv) any other regulatory filings or approvals which may be required in connection with the Lenovo Bond Issue having been obtained;
 - (v) each of the fundamental warranties of Lenovo remaining true and accurate and there being no breach of warranties of Lenovo that are not fundamental warranties that would or would be reasonably likely to, individually or in the aggregate, have a material adverse effect (as defined in the Bond Subscription Agreement), as at the date of the Bond Subscription Agreement and when repeated at completion and as if made at such time;

- (vi) each of the warranties of the Investor remaining true and accurate in all material respects as at the date of the Bond Subscription Agreement and when repeated at completion and as if made at such time;
- (vii) Lenovo having complied in all material respects with its obligations under the Bond Subscription Agreement that are required to be performed on or before completion;
- (viii) there not having been a change of control (as defined under the Takeovers Code) of Lenovo (subject to certain exceptions listed in the Bond Subscription Agreement);
- (ix) there not having been a suspension or limitation of trading in any of the Lenovo Shares by the Stock Exchange for more than 15 consecutive trading days (subject to certain exceptions listed in the Bond Subscription Agreement); and
- (x) the MOP Agreement and SDC Commercial Agreement having been mutually agreed and executed between the Investor and Lenovo within the specified timeframe.

The Investor may, at their discretion and upon such terms as they think fit, waive compliance with the whole or any part of items (v), (vii) to (x) of the conditions precedent stated above. Lenovo may, at its discretion and upon such terms as it thinks fit, waive compliance with the whole or part of item (vi) of the conditions precedent stated above.

Completion: Completion of the Bond Subscription Agreement will take place on the CB Completion Date subject to the satisfaction (or, if applicable, waiver) of the conditions precedent set out above.

Lenovo Specific Mandate: The Conversion Shares will be allotted and issued pursuant to the Lenovo Specific Mandate. The Lenovo Bond Issue is subject to the approval of the Lenovo Shareholders.

Termination: The Bond Subscription Agreement may be terminated under certain circumstances, including, among others:

- (i) the conditions precedents are not satisfied or waived by the Long Stop Date;

- (ii) either party does not comply with its respective material completion obligations (as defined in the Bond Subscription Agreement);
- (iii) there is a material adverse effect (as defined in the Bond Subscription Agreement) on Lenovo's ability to perform its material obligations under the Bond Subscription Agreement or the Strategic Collaboration Framework Agreement; or
- (iv) the Strategic Collaboration Framework Agreement is terminated in accordance with its terms prior to completion.

The Convertible Bonds are convertible into Lenovo Shares pursuant to the terms set out in the CB Terms and Conditions at the initial Conversion Price of HK\$10.42 per Conversion Share, which is subject to adjustments as set out in the Bond Subscription Agreement and the CB Terms and Conditions.

Principal Terms of the Convertible Bonds

The principal terms of the Convertible Bonds are summarized as follows:

Issuer:	Lenovo
Principal amount:	US\$2,000,000,000 (equivalent to approximately HK\$15,623 million)
Maturity Date:	The date falling on the third anniversary from the issue date of the Convertible Bonds (subject to extension of three months pursuant to the CB Terms and Conditions)
Issue price:	100% of the aggregate principal amount of the Convertible Bonds
Interest rate:	Interest free
Status:	The Convertible Bonds constitute direct, unconditional, unsubordinated and (subject to the negative pledge covenant as described below) unsecured obligations of Lenovo which will at all times rank <i>pari passu</i> among themselves and at least <i>pari passu</i> with all other present and future unsecured and unsubordinated obligations of Lenovo, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

Conversion period: Subject to the CB Terms and Conditions, the conversion right attaching to the Convertible Bonds can be exercised at the option of the holder of the Convertible Bonds any time from the 30th calendar day prior to the CB Maturity Date up to two business days prior to the CB Maturity Date. Upon the exercise of the conversion right, conversion of the Convertible Bonds shall take place on the CB Maturity Date.

Conversion Price: The initial Conversion Price is HK\$10.42 per Lenovo Share, which represents:

- (i) a discount of approximately 13.5% over the closing price of HK\$12.04 per Lenovo Share as quoted on the Stock Exchange on May 27, 2024, being the trading day immediately prior to the date of the Bond Subscription Agreement;
- (ii) a discount of approximately 2.8% over the average closing price of HK\$10.72 per Lenovo Share as quoted on the Stock Exchange for the last 10 consecutive trading days immediately prior to the date of the Bond Subscription Agreement; and
- (iii) a premium of approximately 10.0% over the average VWAP for the last 30 consecutive trading days immediately prior to the date of the Bond Subscription Agreement.

Subject to the CB Terms and Conditions, the Conversion Price will be subject to standard adjustments clauses including but not limited to (i) consolidation, subdivision or reclassification of the Lenovo Shares; (ii) capitalization of profits or reserves; (iii) certain distributions; (iv) rights issues of Lenovo Shares or options over Lenovo Shares; (v) rights issues of other securities; (vi) issues at less than current market price; (vii) other issues at less than current market price; (viii) modification of rights of conversion etc.; (ix) other offers to Lenovo Shareholders; and (x) other events determined by Lenovo, that may occur from the date of the Bond Subscription Agreement and the CB Maturity Date.

The initial Conversion Price of HK\$10.42 per Conversion Share was determined after arm's length negotiations between Lenovo and the Investor with reference to (i) the average VWAP for last 30 consecutive trading days immediately prior to the date of the Bond Subscription Agreement; and (ii) business prospect of Lenovo.

Ranking of Conversion Shares:	The Conversion Shares will in all respects rank <i>pari passu</i> with the Lenovo Shares in issue on the relevant conversion date.
Redemption by Lenovo:	<p>Lenovo will redeem the Convertible Bonds not so converted or redeemed at 100% of its principal amount outstanding on the CB Maturity Date.</p> <p>Lenovo may not redeem the Convertible Bonds at its option prior to the CB Maturity Date.</p>
Redemption by the Convertible Bonds holder:	The Convertible Bonds holder shall have the right to require Lenovo to redeem all of the Convertible Bonds prior to the CB Maturity Date if (i) the Lenovo Shares cease to be listed or admitted to trading on the Stock Exchange or, if applicable, the alternative stock exchange, or are suspended for trading on the Stock Exchange or, if applicable, the alternative stock exchange, for a period equal to or exceeding 30 consecutive trading days; (ii) there is a change of control event (as defined in the CB Terms and Conditions); or (iii) there is a continuing event of default under the CB Terms and Conditions. Lenovo shall redeem the Convertible Bonds at 100% of their principal amount (in case of (i) and (ii)) and at 100% of their principal amount plus interest of 4.5% per annum from the issue date of the Convertible Bonds up to the date of redemption (in case of (iii) only).
Negative pledge:	For so long as any Convertible Bonds remain outstanding, Lenovo will not, and will ensure that none of its subsidiaries will, apart from certain agreed exceptions set out in the CB Terms and Conditions, create, permit to subsist any security interest, upon the whole or any part of its present or future assets to secure any of its relevant indebtedness (as defined in the CB Terms and Conditions) unless the aggregate outstanding principal amount of all such secured relevant indebtedness would not exceed 10.0% of the Lenovo's consolidated tangible assets (as defined in the CB Terms and Conditions).

Lenovo Specific Mandate

The Lenovo Bond Issue is subject to Lenovo Shareholders' approval. The Conversion Shares will be allotted and issued pursuant to the Lenovo Specific Mandate to be approved by the Lenovo Shareholders at the general meeting of Lenovo.

Use of Proceeds

The gross proceeds and the net proceeds (after deduction of estimated expenses) from the Lenovo Bond Issue will be US\$2,000,000,000 (equivalent to approximately HK\$15,623 million) and approximately US\$1,980,000,000 (equivalent to approximately HK\$15,467 million), respectively. The net proceeds will be used (i) to repay existing debts of Lenovo; and (ii) for Lenovo's general corporate and working capital purposes.

Application for Listing

Lenovo will make an application to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares on the Stock Exchange. No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange.

Governance

As part of the Strategic Collaboration, for so long as (i) not less than 50% of the principal amount of the Convertible Bonds remain outstanding or (ii) the Investor and its affiliates hold at least 5% of the total number of Lenovo Shares issued and outstanding, the Investor shall have the right to nominate one candidate as a non-executive director of Lenovo, provided that such candidate shall have such appropriate qualification and experience to serve as member of the Lenovo Board, the appointment procedures shall follow the requirements under the constitutional documents of Lenovo, the Listing Rules and other applicable laws, and the final decision to appoint such candidate is subject to fiduciary duties of the directors of Lenovo and the decisions of the Lenovo Board (or any nomination committee thereunder) at their discretion. The director of Lenovo so appointed shall hold office until the next following annual general meeting of Lenovo and shall then be eligible for re-election.

EFFECT ON THE SHAREHOLDING INTEREST OF THE GROUP IN LENOVO

Assuming full conversion of the Convertible Bonds at the initial Conversion Price of HK\$10.42 per Lenovo Share, the Convertible Bonds will be convertible (translated into Hong Kong dollars at the fixed rate of HK\$7.8115 = US\$1.00) into 1,499,328,214 Lenovo Shares, representing approximately 12.09% of the issued Lenovo Shares as at the date of this announcement and approximately 10.78% of the issued Lenovo Shares as enlarged by the issuance of the Conversion Shares (assuming there will be no change to the total number of Lenovo Shares in issue from the date of this announcement up to conversion of the Convertible Bonds).

Assuming full conversion of the Existing Convertible Bonds remaining outstanding in the principal amount of US\$675 million at the adjusted conversion price of HK\$9.42 per Lenovo Share, such Existing Convertible Bonds will be convertible (translated into Hong Kong dollars at the fixed rate of HK\$7.8385 = US\$1.00) into 561,675,955 Lenovo Shares (the “**Existing Conversion Shares**”), representing approximately 4.53% of the issued Lenovo Shares as at the date of this announcement and approximately 4.33% of the issued Lenovo Shares as enlarged by the issuance of the Existing Conversion Shares (assuming there will be no change to the total number of Lenovo Shares in issue from the date of this announcement up to conversion of the Existing Convertible Bonds).

Assuming full conversion of (i) the Convertible Bonds at the initial Conversion Price and (ii) the Existing Convertible Bonds remaining outstanding at the adjusted conversion price of HK\$9.42 per Share, the Investor and the holders of the Existing Convertible Bonds will hold 10.36% and 3.88%, respectively, of the issued Lenovo Shares as enlarged by the issuance of the Conversion Shares and the Existing Conversion Shares (assuming there will be no change to the total number of Lenovo Shares in issue from the date of this announcement up to the conversion of the Existing Convertible Bonds and the Convertible Bonds).

As at the date of this announcement, the Company is the single largest shareholder of Lenovo and holds an aggregate of approximately 31.41% interests in Lenovo, directly and indirectly, through the RLL and LEL. Lenovo is a subsidiary of the Company.

Subject to the CB Terms and Conditions, the conversion right attaching to the Convertible Bonds can only be exercised by Alat immediately prior to the CB Maturity Date, i.e. the third anniversary of the date of issue of the Convertible Bonds (subject to extension of three months pursuant to the CB Terms and Conditions), which is expected to be in the second half of year 2027 at the earliest.

Assuming full conversion of the Convertible Bonds at the initial Conversion Price of HK\$10.42 per Lenovo Share (subject to adjustment pursuant to the CB Terms and Conditions) and that there will be no change in both the total number of Lenovo Shares in issue and the total number of Lenovo Shares held by the Group immediately prior to the issuance of Conversion Shares, the shareholding interest of the Group in Lenovo will be diluted from approximately 31.41% to approximately 28.02% of the then enlarged issued share capital of Lenovo (i.e. assuming that there will be no acquisition or disposal of Lenovo Shares by the Group from the date this announcement up to the issuance of Conversion Shares by Lenovo as a result the conversion of the Convertible Bonds, which is currently expect to be in the second half of year 2027 at the earliest).

Upon full conversion of the Convertible Bonds, it is expected that Lenovo will remain as a subsidiary of the Company and its financial results, assets, liabilities and cash flows will continue to be consolidated in the Group’s consolidated financial statements.

EQUITY FUND RAISING ACTIVITIES OF LENOVO IN THE PAST 12 MONTHS

Lenovo has not carried out any equity fund raising activities during the 12 months immediately preceding the date of this announcement.

FINANCIAL EFFECT OF THE POSSIBLE DEEMED DISPOSAL

Reference is made to the Company's latest annual report with respect to the critical judgment in applying the accounting policies on consolidation of Lenovo. The Group has *de facto* control over Lenovo from an accounting perspective even though it has less than 50% of the voting rights based on the following factors: (i) as at date of this announcement, the Group is the single largest shareholder of Lenovo holding 31.41% of the total issued shares of the Lenovo; (ii) the Company obtained an "acting in concert" undertaking from other five shareholders of Lenovo; and (iii) the rest of the voting rights of Lenovo is dispersed and since the date of Lenovo's listing, there has been no history of any other shareholders of Lenovo collaborating to exercise their vote collectively or to out vote the Group.

Reference is also made to the announcement of the Company on May 29, 2024 in connection with the proposed warrants issuance by Lenovo. Subject to the terms of the Lenovo Warrants, all the warrant holders will be subject to undertakings that (x) prior to (i) sale of the Lenovo Warrants or (ii) exercise of the subscription rights attached to the Lenovo Warrants in relation to any or all of their Lenovo Warrants, the holders of the Lenovo Warrants shall first offer the respective Lenovo Warrants or the subscription rights attached to the Lenovo Warrants to the Company (being, the single largest shareholder of Lenovo), by written notice; (y) upon subscription and retention of Lenovo Warrant Shares, the holders of the Lenovo Warrant Shares shall act in concert with the Company on matters relating to Lenovo which require shareholders' approval.

In addition, the Company will, subject to compliance of applicable laws, rules, and regulatory requirements, undertake such actions necessary to maintain the controlling shareholding in Lenovo such that upon full conversion of the Convertible Bonds, Lenovo will remain as a subsidiary of the Company. To keep its Shareholders and potential investors informed in this regard, the Company will make further announcement(s) as and when required under the Listing Rules or as it considers appropriate.

On the basis that the Company will undertake such actions necessary to maintain the controlling shareholding in Lenovo, Lenovo's financial results, assets, liabilities and cash flows will continue to be consolidated in the Group's consolidated financial statements. The Possible Deemed Disposal will be accounted for as an equity transaction and will not result in the recognition of any gain or loss in the Group's consolidated income statement.

REASONS FOR AND BENEFITS OF THE STRATEGIC COLLABORATION FRAMEWORK AGREEMENT AND THE LENOVO BOND ISSUE

The Lenovo Board considers the Strategic Collaboration as a significant milestone of Lenovo's strategic transformation process and believes that the transactions contemplated under the Strategic Collaboration Framework Agreement will accelerate its transition from a company with a primary focus on devices to a services and solutions company and a global information and communication technology (ICT) leader. The collaboration with Alat serves as a strong endorsement of the Lenovo's transformation strategy, strong execution, operational excellence, commitment to sustainability, and continuous investment in innovation.

Furthermore, the Lenovo Board believes that the partnership with Alat will enhance Lenovo's global presence and manufacturing footprint, with a new regional headquarters for the MEA Region in Riyadh and new manufacturing facility to be set up in the Kingdom of Saudi Arabia, leading to deeper geographic diversification across various aspects, including revenues, supply chain, office footprint, partnerships, and governance. In particular, the investment in the MEA Region will enhance Lenovo's supply chain resilience and operational flexibility and allow Lenovo to be better able to service its in-region customers.

The Lenovo Board expects the collaboration with Alat would enhance Lenovo's research and development (R& D) capabilities. It is also expected to enhance Lenovo's other growth initiatives, including new product and services launches in its infrastructure solutions group (ISG) and solutions and services (SSG) businesses.

The MEA Region continues to see strong growth momentum fueled by an increasing number of large-cap projects and its strong economies, with the region's IT and Business Services market size expected to reach US\$38 billion by 2027, according to estimates by the International Data Corporation. The Lenovo Board believes that local industries will benefit from Lenovo's global expertise and industry leading products and solutions, enhancing the region's digital infrastructure whilst unlocking further growth opportunities for Lenovo and its customers.

The capital injection under the Lenovo Bond Issue will enable Lenovo to address its existing debt obligations as well as to position itself for future business growth opportunities.

Since additional time is required by the Board to assess the actual impact of the Lenovo Bond Issue on the Company, and the Company will make a separate announcement to inform the Shareholders once a final view on the fairness and reasonableness of the terms of the Strategic Collaboration Framework Agreement, the Lenovo Bond Issue, the terms of the Bond Subscription Agreement and the CB Terms and Conditions has been reached.

INFORMATION OF THE COMPANY

Legend Holdings is a leading industrial operations and investments company in the PRC and the Company focuses on technological innovation and the real economy, and has established two business segments of “industrial operations” and “industrial incubations and investments”. Through strategic management, operational improvements, resources allocation, financial supports and value-added services, etc., the Company is committed to building industrial pillars, incubating or investing in start up and growing-stage companies with great potential, so as to promote the continuous growth of the Company’s overall value. As at the date of this announcement, Chinese Academy of Sciences Holdings Co., Ltd., the single largest Shareholder of the Company, holds approximately 29.04% equity interest of the Company.

INFORMATION OF LENOVO

Lenovo is a limited liability company incorporated in Hong Kong and shares of which have been listed on the Stock Exchange since 1994. The principal business of Lenovo are the research and development, manufacturing and sales of smart devices (personal computers, smartphones, tablets, commercial AR/VR, smart collaboration), smart infrastructure (servers, storage, edge, high performance computing, and software defined infrastructure) and smart software, solutions and services (support services, managed services, project and vertical solutions).

Set out below is extracts of the audited consolidated financial information of Lenovo for the two years ended March 31, 2024:

	12 months ended March 31, 2023 (audited) <i>US\$ million</i>	12 months ended March 31, 2024 (audited) <i>US\$ million</i>
Profit before tax	2,136	1,365
Profit after tax	1,681	1,102

As at March 31, 2024, the audited consolidated total equity of Lenovo was approximately US\$6,081 million.

INFORMATION OF ALAT AND PUBLIC INVESTMENT FUND

Alat

Alat, a wholly owned subsidiary of the Public Investment Fund, is headquartered in Riyadh, the Kingdom of Saudi Arabia. Alat has been established to create a global business in electronics and advanced industrials and mandated to create world class manufacturing enabled by global innovation and technology leadership. With an investment budget of US\$100 billion, Alat is partnering with technology leaders across the world to transform industries while establishing world class businesses in the Kingdom of Saudi Arabia, powered by clean energy.

Public Investment Fund

The Public Investment Fund is the sovereign wealth fund of the Kingdom of Saudi Arabia and is one of the largest and most impactful sovereign wealth funds in the world, driving the economic transformation of Saudi Arabia for the benefit of its people while helping shape the future global economy. The Public Investment Fund is building a world-class portfolio through investments in attractive, long-term opportunities across diverse industries and asset classes internationally.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, as of the date of this announcement, each of Alat and its ultimate beneficial owner(s) is a third party independent of the Company and its connected persons.

GENERAL

Listing Rules Implications

A general meeting of Lenovo will be convened to consider and, if thought fit, approve the Bond Subscription Agreement, the Lenovo Specific Mandate and the transactions contemplated thereunder.

The dilution of the shareholding interest of the Group in Lenovo as a result of conversion of the Convertible Bonds, which may only take place in the second half of 2027 at the earliest, constitutes a deemed disposal by the Company of equity interest in Lenovo under Rule 14.29 of the Listing Rules. As one of the applicable percentage ratios (as calculated under Rule 14.07 of the Listing Rules) in respect of the Possible Deemed Disposal exceeds 75%, the Possible Deemed Disposal constitutes a very substantial disposal of the Company under Chapter 14 of the Listing Rules which is subject to the notification, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The obligations of Lenovo contemplated under the Strategic Collaboration Framework Agreement with respect to the launch of a regional MEA headquarters and setting-up of a manufacturing facility will be performed in the ordinary course of business of Lenovo. The Company will make further announcement (if applicable) in compliance with the relevant requirements under the Listing Rules as and necessary.

EGM

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve, among other matters, the Bond Subscription Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) further details of the Bond Subscription Agreement and the transactions contemplated thereunder; (ii) other information as required by the Listing Rules; and (iii) a notice convening the EGM and the proxy form in respect of the EGM, is expected to be despatched to the Shareholders on or before July 12, 2024, as additional time is required for the preparation of the financial information of the Group to be included in the circular.

Completion of the Bond Subscription Agreement is subject to the satisfaction and/or waiver of the conditions precedent therein. In addition, the Bond Subscription Agreement may be terminated in certain circumstances. As the transactions envisaged under the Bond Subscription Agreement may or may not materialize, the Convertible Bonds and the Conversion Shares may or may not be issued. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“Alat” or “Investor”	Industrial Company for Electronics, a company incorporated under the laws of the Kingdom of Saudi Arabia and a wholly owned subsidiary of the Public Investment Fund
“Board”	the board of Directors of the Company
“Bond Subscription Agreement”	the subscription agreement dated May 28, 2024 entered into between Lenovo and the Investor in respect of the Lenovo Bond Issue
“CB Completion Date”	the 30th business day after all the conditions precedents are satisfied or waived or any other date agreed in writing between Lenovo and the Investor
“CB Maturity Date”	the date falling on the third anniversary from the issue date of the Convertible Bonds, subject to extension of 3 months pursuant to the CB Terms and Conditions
“CB Terms and Conditions”	the terms and conditions of the Convertible Bonds

“Company” or “Legend Holdings”	Legend Holdings Corporation, a joint stock limited company incorporated under the laws of the PRC, the H shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Convertible Bonds”	the US\$2,000,000,000 in aggregate principal amount of convertible bonds to be issued by Lenovo
“Conversion Price”	price for the conversion of the Convertible Bonds into Conversion Shares, which initially is HK\$10.42 per Conversion Share
“Conversion Share(s)”	Lenovo Share(s) to be allotted and issued by Lenovo upon conversion of the Convertible Bonds
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, to approve, among other matters, the Bond Subscription Agreement and the transactions contemplated thereunder
“Existing Convertible Bonds”	the 2.50% convertible bonds due 2029 in the principal amount of US\$675,000,000 (bond stock code: 05440; ISIN: XS2523390867) issued by Lenovo on August 26, 2022
“Group”	the Company and its subsidiaries
“HK\$”	the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“LEL”	Legion Elite Limited, a company incorporated in the British Virgin Islands and a wholly owned subsidiary of RLL
“Lenovo”	Lenovo Group Limited, a company incorporated in Hong Kong with limited liability and a subsidiary of the Company, the ordinary shares of which are listed on the Main Board of the Stock Exchange (stock code: 992)
“Lenovo Board”	the board of directors of Lenovo

“Lenovo Bond Issue”	the issuance of the Convertible Bonds by Lenovo
“Lenovo GM”	the general meeting of Lenovo to be held for the purpose of considering and, if thought fit, approving the Bond Subscription Agreement, the Lenovo Specific Mandate and the transactions contemplated thereunder
“Lenovo Share(s)”	the ordinary shares of Lenovo
“Lenovo Shareholder(s)”	the holder(s) of the Lenovo Shares
“Lenovo Specific Mandate”	the specific mandate to be sought from the Lenovo Shareholders to the Lenovo Board at the Lenovo GM for the allotment and issue of the Conversion Shares upon exercise of the conversion rights attached to the Convertible Bonds
“Lenovo Warrant(s)”	1,150,000,000 warrants to be issued by Lenovo, each to subscribe for one Lenovo Share
“Lenovo Warrant Share(s)”	new Lenovo Share(s) to be issued by Lenovo to the holder(s) of the Lenovo Warrant(s) pursuant to the exercise of the subscription rights attached to the Lenovo Warrants
“Long Stop Date”	March 31, 2025, subject to extension pursuant to the Bond Subscription Agreement
“MEA Region”	Middle East and Africa region
“MOP Agreement”	manufacturing operational plan agreement contemplated under the Strategic Collaboration Framework Agreement, which will set out, among others, details of the manufacturing facility and particulars of each development phase
“Public Investment Fund”	Public Investment Fund, the sovereign wealth fund of the Kingdom of Saudi Arabia
“Possible Deemed Disposal”	the deemed disposal of the Group’s equity interest in Lenovo as a result of full conversion of the Convertible Bonds
“PRC” or “China”	the People’s Republic of China
“RLL”	Right Lane Limited, a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of the Company

“SDC Commercial Agreement”	sales and distribution company commercial agreement contemplated under the Strategic Collaboration Framework Agreement, which will set out, among others, product specifications and distribution arrangement between Lenovo and the Investor
“Shareholder(s)”	the holders of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strategic Collaboration”	the strategic collaboration between Lenovo and Alat contemplated under the Strategic Collaboration Framework Agreement
“Strategic Collaboration Framework Agreement”	the strategic collaboration framework agreement dated May 28, 2024 entered into between Lenovo and the Investor in respect of the Strategic Collaboration
“Takeovers Code”	Code on Takeovers and Mergers and Share Buy-backs issued by the Hong Kong Securities and Futures Commission
“trading day(s)”	a day when the Stock Exchange or, as the case may be an alternative stock exchange is open for dealing business
“US\$”	United States dollars, the lawful currency of the United States
“VWAP”	the volume weighted average price (determined on Bloomberg page <992 HK Equity VWAP>) of the Lenovo Shares on the Stock Exchange
“%”	per cent.

This announcement contains conversion between US\$ and HK\$ at US\$1.00 = HK\$7.8115. The conversion shall not be taken as representation that the HK\$ amount could actually be converted into US\$ at that rate, or at all.

By order of the Board
Legend Holdings Corporation
NING Min
Chairman

May 31, 2024

As at the date of this announcement, the Executive Directors of the Company are Mr. NING Min and Mr. LI Peng; the Non-executive Directors of the Company are Mr. ZHU Linan, Mr. ZHAO John Huan, Mr. SUO Jishuan and Mr. YANG Jianhua; and the Independent Non-executive Directors of the Company are Mr. MA Weihua, Ms. HAO Quan and Mr. YIN Jian'an.